

The 292<sup>st</sup> meeting of the Rhode Island Student Loan Authority was held on February 17, 2012 in the first floor Conference Room, 560 Jefferson Boulevard, Warwick, Rhode Island.

Members in attendance:

Dr. Anthony J Santoro  
Dr. William Croasdale  
Mr. John Howell  
Ms. Patti Doyle

Members absent:

Mr. Chris Feisthamel, designee of General Treasurer Raimondo

Others in attendance:

Ms. Faith Lasalle  
Mr. Charles Kelley  
Mr. Joseph Palumbo  
Mr. Noel Simpson  
Ms. Stacy Crooks  
Ms. Gail Walker  
Ms. Clordine Cox  
Ms. Kathleen Sisson  
Mr. Justin Benevides (House Finance)

Dr. Santoro brought the meeting to order at 10:20 AM.

Chairman's Report

There was no Chairman's report.

Executive Director's report

Mr. Kelley reported that Fitch's Rating service has reaffirmed RISLA's Triple A rating for the 2008 bond issue and has upgraded the outlook to stable. Mr. Kelley reported that he thought the rating reaffirmation is a result of the low default rate for the Rhode Island Family Education Loan program. He also stated that this should help the Authority in future bond issues.

Bond Issue Results

Mr. Kelley reported RISLA sold \$17,940,000 in fixed rate bonds in early February and that the results should be good for RISLA and Rhode Island students. He stated that market interest rates for fixed rate bonds are at the lowest levels they have been in several years which helped with the results. He also stated that RISLA changed the lead underwriter on the day before the sale of the bonds because the co underwriter agreed to underwrite the bonds at a lower bond yield and a lower overall cost than the lead underwriter.

#### Direct Loan Servicing Contract

Mr. Kelley asked Mr. Simpson to present the Direct Loan (DL) Servicing contract proposal. Mr. Simpson explained that the Board was being asked to approve the execution of the ACS Educational Services contract and to approve the application by RISLA to the US Department of Education to perform direct loan servicing. Mr. Simpson said that RISLA went out to bid this past fall and received proposals from eight organizations. After a review of the proposals, the Board selected ACS as the finalist for this contract. Mr. Simpson said that cost was a primary factor in choosing ACS and the flexibility that ACS offered to RISLA in implementing the contract. Mr. Simpson stated that Mr. Palumbo has been working with our contacts at ACS on contract terms that would be compliant with the Department of Education's requirements for not for profit servicers like RISLA. Mr. Simpson explained that the ACS contract is linked to RISLA receiving approval from the Department of Education. If RISLA signed the contract and for whatever reason RISLA did not receive an allocation of Direct Loans from DE for servicing, RISLA would only be liable for the \$150,000 up front fee. Mr. Simpson stated that there are still several unknown factors that could impact RISLA's decision to fully implement DL servicing but he was comfortable in moving forward with signing the contract and applying for DL servicing.

After a discussion, upon a motion made by Ms. Doyle and seconded by Mr. Howell, it was unanimously VOTED to approve the execution of the ACS contract and to apply for a direct loan servicing allocation.

Upon a motion made by Dr. Croasdale and seconded by Ms. Doyle it was unanimously VOTED to adjourn at 10:35 AM.

Upon a motion made by Mr. Howell and seconded by Dr. Croasdale it was unanimously voted to adjourn at 10:55 AM.

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John Howell, Secretary